

CHAPTER 37
LICENSE SANCTION PROGRAM

283—37.1(261) General purpose. As an aid to the collection of defaulted student loans, the commission may initiate the license sanction process described in Iowa Code sections 261.121 to 261.127 to suspend, revoke or deny issuance or renewal of a variety of licenses held or applied for by any person who has defaulted on an obligation owed to or collected by the commission. Licenses subject to this sanction process include motor vehicle registrations, driver's licenses, business and professional licenses, and licenses for hunting, fishing, boating or other recreational activity, as defined in Iowa Code section 252J.1(1). In addition to the procedures set forth in Iowa Code sections 261.121 to 261.127, this chapter shall apply.

283—37.2(261) Definitions.

37.2(1) A "debtor" is a person who has defaulted on any obligation owed to or collected by the commission.

37.2(2) A debtor is in "default" if:

a. The debtor is obligated to pay under a federal student loan guaranteed by the commission pursuant to the provisions of Iowa Code sections 261.35 to 261.43, and the debtor's default is certified to the commission by an eligible lender, and 60 days have passed since such certification;

b. The debtor is obligated to pay under a partnership student loan issued by Iowa Student Loan Liquidity Corporation (ISLLC), and the commission acquires the debtor's loan as a default pursuant to Iowa Code section 261.38 due to the debtor's failure to make payments to ISLLC;

c. The debtor becomes obligated to repay the commission under the teacher shortage forgivable loan program pursuant to Iowa Code section 261.111, or under the Des Moines university tuition scholarship program or physician loan repayment program pursuant to Iowa Code sections 261.19(3) and (4), and fails to make an agreed payment within 15 days of the agreed due date; or

d. The debtor enters into a written repayment agreement with the commission and fails to make an agreed payment within 15 days of the due date stated in the repayment agreement.

37.2(3) The phrase "delinquent obligation owed" means the total amount of the debtor's obligation, including principal and unpaid accrued interest, and may include collection costs, court filing fees, and sheriff's fees.

283—37.3(261) Service of notice. The notice described in Iowa Code section 261.121(2) shall be served by restricted certified mail, return receipt requested, addressed to the debtor at the debtor's last-known residence or principal place of business. If the debtor signs for the notice, the return post office receipt shall be proof of service. If the debtor fails to sign for the notice, the commission may personally serve the debtor in accordance with Iowa Rules of Civil Procedure.

283—37.4(261) Exclusions from license sanction process. The commission may determine that the issuance of a certificate of noncompliance is not appropriate pursuant to Iowa Code section 261.122(5) "c," or that a certificate of noncompliance should be withdrawn pursuant to Iowa Code section 261.124(5) "d," during periods in which any of the following conditions exist:

1. Written verification that the debtor has been deemed eligible for and is receiving supplemental security income (SSI), similar state- or federal-funded assistance, or county assistance, such as general relief or general assistance.

2. Verified economic hardship which the commission determines from the debtor's sworn financial statement and other relevant evidence would likely qualify for hardship discharge of student loans under the Bankruptcy Code.

3. A verified temporary illness or disability of the debtor or of another household member which prevents the debtor from working or requires the presence of the debtor in the home as a caretaker.
4. Verified incarceration.
5. Verified participation on an in-treatment basis in a chemical dependency program licensed by the department of public health or a similar program.

283—37.5(261) Written agreement. A debtor may, at any time, with or without a requested conference, enter into a satisfactory written repayment agreement to either avoid the issuance of a certificate of noncompliance or to secure a withdrawal of an issued certificate of noncompliance. In determining whether the terms of a proposed repayment agreement are satisfactory, the commission shall take into account the debtor's ability to pay. Repayment terms shall be deemed satisfactory if the debtor agrees to pay at least the maximum amount which would be subject to an administrative wage withholding procedure, or the equivalent for a self-employed person. In addition, the commission may take into consideration the recent existence of any of the conditions outlined in rule 37.4(261), if verified, and if the debtor can demonstrate that insufficient time has passed for the debtor to regain an ability to repay obligations owed to the commission.

283—37.6(261) Right to court hearing. The debtor may request a hearing before the district court in the debtor's county of residence. The scope of the court's review is limited to whether the debt is delinquent, whether the amount of the delinquency is misstated, or whether a mistake has been made in the identity of the debtor.

These rules are intended to implement Iowa Code sections 261.121 to 261.127.

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